

April 20, 2006

Dear Member of Congress:

The undersigned organizations, representing the vast majority of U.S. farmers, ranchers, food producers and exporters, strongly support the Peru Trade Promotion Agreement (PTPA). We urge you to vote for it.

The PTPA sets a new and higher standard for future free trade pacts. More than two-thirds of current U.S. agricultural exports to Peru will immediately receive duty-free treatment upon entry into force of the agreement. The tariffs on remaining U.S. agriculture products will be reduced over time, with all tariffs eliminated within 17 years. Currently only about 1.5 percent of U.S. food and agriculture exports to Peru enjoy duty-free access.

Peru already has negotiated trade deals with Colombia, Mexico, Brazil, Cuba and Argentina and is seeking free trade agreements with the European Union, Chile and Thailand. PTPA will provide U.S. agriculture producers and exporters the opportunity not only to preserve but to increase market share. Peru's economy is one of the most dynamic in Latin America, with gross domestic product growing at an average annual rate of 4.5 percent over the past four years.

The United States is Peru's fourth largest supplier of consumer-oriented food imports. Current U.S. agricultural exports to Peru include wheat (\$78 million in 2005), cotton (\$38 million), feed grains (\$20 million), oilseeds and related products (\$16 million), rice (\$9 million) and dairy products (\$6 million). According to the U.S. Agricultural Counselor in Lima, the U.S. can expect to see improved prospects for a wide range of other high-value U.S. food products, including cheese and whey, snack foods, pet foods, fresh and processed fruits and juices and wine. Tariffs on these products now range from 12 percent to 25 percent but will all be reduced to zero over the transition period to free trade.

U.S. meat and poultry exports have enjoyed only modest success in the Peruvian market because various barriers have served as major impediments to trade. This will change under PTPA, with tariffs on many meat, poultry and livestock products being phased out within five years. In addition, the commitment Peru has made to recognize the U.S. meat and poultry inspection systems as "equivalent" to its own, thereby allowing imports from facilities approved by USDA, is very important to U.S. meat, poultry and livestock producers.

In 2005, the United States trade deficit with Peru in food and agriculture products was about \$235 million. Many food and agricultural products from Peru already receive duty-free treatment in the United States through the Andean Trade Preferences Act or the Generalized System of Preferences, while U.S. farm exports face significant barriers in Peru. Without implementation of the PTPA, U.S. agriculture will continue to be prejudiced by this non-reciprocal trade and will be forced to compete for business in Peru against countries that already have free trade agreements with the South American nation.

U.S. agriculture urges you to vote in favor of this agreement.

Sincerely,

Altria Group, Inc.
American Bakers Association
American Farm Bureau Federation
American Feed Industry Association
American Frozen Food Institute
American Meat Institute
American Peanut Product Manufacturers, Inc.
American Soybean Association

Animal Health Institute
Blue Diamond Growers
Bunge North America, Inc.
California Table Grape Commission
Cargill, Incorporated
Corn Refiners Association
Distilled Spirits Council of the United States
Elanco Animal Health
Food Products Association
Grocery Manufacturers Association
Imperial Sugar Company
International Dairy Foods Association
Louis Dreyfus Corporation
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Chicken Council
National Corn Growers Association
National Grain and Feed Association
National Grain Trade Council
National Grange
National Milk Producers Federation
National Oilseed Processors Association
National Pork Producers Council
National Potato Council
National Renderers Association
National Sorghum Producers
National Turkey Federation
North American Equipment Dealers Association
North American Export Grain Association
North American Millers' Association
Northwest Horticultural Council
Ocean Spray Cranberries, Inc.
Pet Food Institute
Smithfield Foods Inc.
Sweetener Users Association
The Fertilizer Institute
U.S. Apple Association
U.S. Dairy Export Council
U.S. Livestock Genetics Export, Inc.
U.S. Meat Export Federation
United Egg Association
United Egg Producers
United States Dry Bean Council
US Hides, Skin and Leather Association
USA Dry Pea and Lentil Council
USA Poultry and Egg Export Council
USA Rice Federation
Wheat Export Trade Education Committee
WineAmerica